

To what extent is the Japanese government able
to steer the nation's economy in the digital age?

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CERTIFICATE OF AUTHORSHIP/ORIGINALITY

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis.

Signature of Student

Alan Chris Vjir

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Abstract

The Japanese government-led post-war economic miracle is a well studied topic; consequently, Japan's approach to government-led economic development is one that many countries have tried to replicate. As the digital age questions some fundamentals of economic growth, it is critical to understand whether government-led industry development still works. This research addresses the question: to what extent is the Japanese government able to steer the nation's economy in the digital age?

Theoretically, the thesis makes use of an approach influenced by Benson's (1975) Inter-organizational Network (ION) approach, resource dependency approaches (Pfeffer & Salancik 1978) and the sensemaking perspective (Weick 1995). The data was collected during three years fieldwork in Japan, combining documentary analysis with interviews with leading industry and government figures. Through making sense of interview-based data, a qualitative case study of the mobile telecommunications industry was constructed. I constructed scenarios that provided differing plausible views of government involvement. These scenarios focused on the role of government in influencing key resources necessary to the Japan mobile telecommunications industry, control of which might enable firms to achieve the attainment of an optimum market position. The purpose of these scenarios was to highlight different accounts of various key resources. The key resources that emerged through the data analysis are *amakudari*, technology standard and radio frequency spectrum.

Various hypotheses have been advanced to account for the relation between government involvement and the development of the Japanese economy, ranging from the view of Porter, Takeuchi and Sakakibara (2000) that government intervention is a sign of market failure to the views of Johnson (1982) that government involvement is essential to Japanese economic development, with the more modulated views of Tsuru (1993) falling between these two extremes. However, these hypotheses do not address the dynamics of government involvement and industrial

development, i.e. ION relationship, resource dependency and level of competition, that form the unique contribution that is the extension and innovation of this thesis. Further, the globalization and digitalization in the 21st century creates a need to take a fresh look at government's role in industrial development. The case study of the 3G digital economy provides an obvious and highly current testing ground for evaluating these different hypotheses. The findings show that the direction of the nation's 3G mobile industry was derived through communication and negotiated sensemaking between the Japanese government and industry stakeholders. The implication is that a healthy circuit of sensemaking between government and industry stakeholders could enhance industrial development.

Key words: government involvement, resources, inter-organizational network, competition, industry development, *amakudari*, technology standard, radio frequency spectrum, narratives, sensemaking, scenarios, mobile telecommunications